Managing Carryforward (& other budget restrictions)

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What is Carryover?
Unobligated Funds

- Funds that have not been committed

Unliquidated Obligations

- Funds that have been committed but not yet paid out
Types of Carryover

- Automatic
  - Do not need to request sponsor prior approval to spend

- Restricted
  - Must obtain sponsor prior approval to have the restriction lifted
Restricted Carryover
While many Federal Sponsors have waived the requirement for prior approval to carry forward unobligated balances to subsequent budget periods there are some important exceptions, including (usually) the following NIH mechanisms:

- Centers P50, P60, P30
- Cooperative agreements (U)
- Kirschstein-NRSA institutional research training grants (T)
- Non-Fast Track Phase 1 SBIR and STTR awards (R43 and R41)
- Clinical trials (regardless of activity code)
- Awards to individuals
Non-Federal

Agreements from some charitable organizations and foundations may sometimes include a restriction on automatically carrying over unobligated balances to the next budget period. Examples include:

- Adelson Foundation
- AHA
- Simons Foundation
- Melanoma Research Alliance
- The Larry L. Hillblom Foundation
- The Cystic Fibrosis Foundation
• Mechanism’s or sponsors that usually include automatic carryforward may include a specific term or condition restricting it

• Additionally, mechanisms that usually restrict carryforward may occasionally allow for automatic carryforward
How do I know if my award is subject to a carryforward restriction?

- Award Snapshot
- Notice of Award (NOA)
- Snapshots and NOAs should be carefully reviewed with each new award transaction
NIH Example
Research and Development (R&D): All awards issued by the National Institutes of Health (NIH) meet the definition of “Research and Development” at 45 CFR Part § 75.2. As such, auditees should identify NIH awards as part of the R&D cluster on the Schedule of Expenditures of Federal Awards (SEFA). The auditor should test NIH awards for compliance as instructed in Part V, Clusters of Programs. NIH recognizes that some awards may have another classification for purposes of indirect costs. The auditor is not required to report the disconnect (i.e., the award is classified as R&D for Federal Audit Requirement purposes but non-research for indirect cost rate purposes), unless the auditee is charging indirect costs at a rate other than the rate(s) specified in the award document(s).

This institution is a signatory to the Federal Demonstration Partnership (FDP) Phase VII Agreement which requires active institutional participation in new or ongoing FDP demonstrations and pilots.

Carry over of an unobligated balance into the next budget period requires Grants Management Officer prior approval.
Section I: Award Summary

Principal Investigator: AMERICAN HEART ASSOCIATION - NATIONAL OFFICE
Administering Unit: INTEGRATIVE BIOLOGY & PHYSIOLOGY (IBP)
Project Title: [Redacted]
Current Action: [Redacted]
Funds Awarded This Action: $77,700
Total Funds Awarded to Date: $156,140

Section II: Special Attention Needed

1. Changes in the status of the Principal Investigator or other key personnel on the award require prior approval from the Sponsor. Requests for prior approval must be processed through UCLA. Notify ORC in advance or as soon as you become aware of any changes (or anything requiring prior approval).

2. Carry Forward Restrictions

3. Review the Award Snapshot Attachment and the Award document for additional terms.

UCLA FATS NUMBER: [Redacted]

Alert(s)

1. Please review and adhere to award terms and conditions.
2. If there is an unexpended balance of funds greater than $10,000 AHA prior approval is required to carryover the funds into the next project period. The PI must submit a written request.
3. In the final award year, if the unexpended balance is between $500 and $10,000, the PI can request an up to 12 month NCE to use a portion or all unexpended funds without prior approval.
   a. If the remaining balance is greater than $10,000 the PI must obtain prior approval to carryover the balance into an extension year.
4. A second NCE is not allowed.
1. **Interim Award Year** — If there is an unexpended balance of funds of $10,000 or less at the end of an Award year and if the Award is approved for additional year(s), these funds may be carried forward to the next award year without advance approval. This action can be implemented by selecting the appropriate option on the Financial Report form.

   If the unexpended balance is greater than $10,000, AHA approval is required. The Principal Investigator must submit a written request or a Carryover Change Request in Grants@Heart. The AHA will review the request and a notice of disposition will be sent to the Principal Investigator.

2. **Final Award Year** — If unexpended funds at the end of the final award period are less than $10, the institution may retain/write off the amount. Amounts between $10 and $500 should be returned to the AHA with the Financial Report.

   If the unexpended balance is between $500 and $10,000, the Investigators may request up to a twelve-month extension to use a portion or all unexpended funds without prior AHA approval. This action can be completed by selecting the appropriate option on the Financial Report form.

   If the remaining balance is greater than $10,000, the Principal Investigator must obtain prior approval from AHA to carryover the balance into an extension year. The Principal Investigator must submit a written request or enter a No-cost Extension Change Request in Grants@Heart. This can be done at the end of the final award year or at the time the final Financial Report is submitted (90 days after the Award year end date). The AHA will review the request and a notice of disposition of the request will be sent to the Principal Investigator.

A SECOND EXTENSION YEAR IS NOT ALLOWED. Funds remaining at the end of an authorized extension year must be returned to the AHA. The funds may only be used to support the approved AHA project.
Why is restricted carryforward being highlighted if it doesn’t apply to most agreements?
Awards with restricted carryforward require robust project management and forecasting to anticipate, plan for, and prepare carry forward requests.
Prior Approval Request

- Department submits a Prior Approval request to OCGA
- OCGA submits the request to the sponsor
- OCGA emails the Department and EFM with the sponsors response
Information required to submit a Prior Approval Request

• The budget periods from which the unobligated funds are being carried over from and to
• The amount of the funds to be carried over
• An explanation of why the funds were not obligated
• Scientific justification for the use of funds
REMINDER:
NIH No Cost Extensions & Restricted Carryover

• When asking for a NCE on a NIH award with carry forward restrictions you will ALSO need sponsor prior approval to carry forward any unspent funds from a previous budget period to be able to utilize them in the NCE period
Example 1: Using restricted balance in a NIH NCE

Example 2: Using Final Year CFWD in a NIH NCE
Awards With Automatic Carryover

A Few Cautions
Caution

Sponsors have been known to revoke automatic carry forward and impose carry forward restrictions on awards with delinquent progress reports or other requirements such as IRB/ARC approvals.
• GMO may use unobligated balances of >25% to **Offset** funding for a subsequent budget period thereby reducing the overall awarded amount
Restrictions Require Active Action

Lifting of restrictions requires submission of a request to the Sponsor. If a request to lift is not made to the Sponsor it remains in place regardless of the status of compliance with the restricted term.